



## **L20 Assessment of the G20 Leaders' Declaration**

### **Riyadh Summit, November 22, 2020**

The G20 Leaders did not make sufficient progress in agreeing policies to address the pandemic and the ensuing economic crisis that have put billions of people in peril and distress. The Leaders take a piecemeal approach to responding to the challenges in which every country is left to act alone. Brave decisions on issues like debt, recovery, and financing for social protection, are missing.

#### **Fighting the pandemic**

It is welcome that Leaders reiterated the commitment to *"affordable and equitable access for all people [to Covid-19 vaccination, medication]"*. To this end, they support the ACT-Accelerator and the COVAX facility which *aim at* delivering vaccines, diagnostics, and medicines on an equitable basis. However, in their current state these initiatives do not *guarantee* equitable access.

The Leaders also call for voluntary licensing for intellectual property, which would make a significant difference, if put in practice. At the same time, they state that all efforts should be *"consistent with members' commitments to incentivize innovation"* – possibly a subtle reference to the response developed countries gave to proposal tabled by South Africa and India at WTO to relax TRIPS on COVID medicines. The Leaders recognized *"the role of extensive immunization as a global public good"*.

The Leaders *"emphasize the important mandates of the United Nations' system and agencies, primarily the WHO, while considering the ongoing evaluations, its stated commitment to transparency, and the need to strengthen its overall effectiveness [...]"*

#### **No coordination on finance and debt**

The Leaders say that they are determined to *"continue to use all available policy tools as long as required"* and to protect and create jobs for all. However, the *available policy tools* for developing countries are minimal. Developed countries with monetary capacity are still to cooperate with developing countries, in or out of the IMF, in order to increase the *available policy tools* to developing countries and globalise the response to the pandemic and the collapsing demand.

To illustrate this point better: the Leaders welcomed the Progress Report on the commitments they undertook in March which include action to support to SMEs, individuals, and households, which is given at national level, *if* the country has resources available. There are no commitments for solidarity to developing countries.

Equally, there is no significant progress on debt relief. Again, this is important for developing countries, and not only, because currently they have to finance debt instead of channeling resources to social protection, job retention, public services, and the fight against the pandemic. The Leaders agreed to extend the Debt Service Suspension Initiative (DSSI) till next year, but this is not enough. The DSSI covers 3.65% of all debt repayments by developing countries. They call for debt transparency and encourage private creditors and multilateral development banks (MDBs) to participate in debt relief. In the face of *“significant debt vulnerabilities and deteriorating outlook in many low-income countries”*, they just promise a case-by-case treatment of debt for countries going bankrupt.

Coordinated action on Financing and Debt is important because it would create fiscal space for all countries to increase investment in public healthcare, jobs, social protection, and their recovery.

### **No coordination on social protection and job creation**

The Leaders agree that social protection is important and that, thanks to their efforts 645 million people got social protection support. All at national level. There is no design for cooperation to extend social protection to billions of people excluded, for instance with a Global Fund.

There seems to be no urgency to address the employment effects of the crisis. The text does not make any references to past commitments on income inequality, there is no provision for investment in jobs, and no references to collective bargaining and minimum living wages. The Leaders mention that promoting social dialogue is important for employment policies that aim at creating jobs.

Also, it is puzzling that they endorse Annex 2 of LEMM Declaration on Policy Options for Adapting Social Protection to Reflect the Changing Patterns of Work which focuses on the classification of employment status. Annex I of the LEMM Declaration would be more appropriate as it contains the bulk of the measures necessary for recovery.

On declarative level, they see it important to promote and protect Decent Work but this is not followed by commitments or action plans, except for the Youth Roadmap 2025 to help reach the Antalya youth goals. There is a reaffirmation of the Brisbane commitment to increase female labour market participation by 25% by 2025, and a reference to reducing pay gaps.

### **Almost no deliverables on investment**

The Declaration does not include a clear commitment to invest in jobs. It just recycles language from the Finance Ministers decisions in October. In particular, it talks of the InfraTech agenda that aims at helping private investors to make investment decisions, and welcomed an OECD/G20 report which *“reflects investors’ view on issues and challenges affecting private investment in infrastructure and presents policy options to address them.”* This is massively inadequate.

The Leaders support that the IMF needs to be well-financed with quotas and be in the centre of financial architecture. They ask IMF to prepare an analysis of financing needs in low income countries *in the coming years* and to come up with sustainable financing options. The time frame of this commitment is off. Countries are already under debt pressure and solutions coming in the *“coming years”* might be coming too late.

The Leaders also endorsed a Roadmap to Enhance Cross-Border Payments to help capital movement. This was a key demand by FinTech.

## **Nothing new on taxation other than the October Finance Ministers decisions**

Like in other parts of the Declaration, the Leaders just reaffirm the October Finance Ministers decisions on BEPS and pillars 1 and 2. They reiterate that a solution should be reached by mid-2021.

## **No impressive action on health and education**

*“Well-functioning, value-based, inclusive, and resilient health systems are critical to move towards achieving Universal Health Coverage (UHC).”* The Leaders also reconfirm the importance of finance for developing countries to fund UHC but, like in other areas covered by the declaration, there is no action or measurable commitment to help with financing. It is inferred in paragraph 3 that they increased public health financing, though this reference is not specific to public services but rather to research and development of vaccines.

On education, the text includes a reference to guaranteeing safety in education as well as education continuity. However, there are no commitments to support teachers, trainers and school personnel or increase funding to public education systems. It is welcome that the G20 intends to improve *“the accessibility and affordability of the quality early childhood education, and building and retaining a qualified workforce.”* The Education International (EI) had opportunity to address the Education Working Group this year.

## **Little action on climate**

The Leaders reaffirm their commitment to reduce pollution by marine plastic litter, as articulated in the Osaka Blue Ocean Vision. However, the challenge is not only about better recycling but about stopping the current massive plastic production, especially single use plastics. The Leaders also reaffirmed phasing out fossil fuel subsidies but they do this since 2009 in different fora, and there is no sufficient action to achieve this.

The Declaration endorses the Circular Carbon Economy (CCE) Platform. The *“Circular Carbon Economy”*. While it is a step in the good direction to accept that we have to reduce the use of fossil fuels, the focus on the *“circular”* aspects risks prolonging the use of fossil fuels through Carbon Capture and Storage and Use (CCS and CCU) beyond acceptable climate limits.

The declaration also refers to the commitments by the countries that signed the Paris Agreement to to present new NDCs (climate plans), ‘long-term low greenhouse gas emission development strategies’ and climate finance). It’s good that there is a reference to ‘decent’ jobs.

## **Other outcomes**

Nothing unexpected on **digital economy**. The Leaders recognise that *“universal, secure, and affordable connectivity, is a fundamental enabler for the digital economy”*. The declaration repeats the 2019 commitment on data flows *with trust*.

A **Tourism** Working Group is established, and its work will continue in the following years. Tourism is key for recovery for many countries and the Leaders adopted Guidelines and Frameworks that could help to *“create jobs, empower local communities, especially rural, safeguard the planet, and preserve cultural heritage”*. The IUF had opportunity to address this Working Group.

On **agriculture**, the Leaders reaffirmed their commitments to tackle challenges in food security and to improve the resilience of food and agriculture supply-chains. They also adopted a framework for investment in agriculture.

There is a call for **global value chains** resilience and a commitment to ensuring that global transportation routes and supply chains remain open, safe, and secure. They do not address a key demand for action to relief air and sea crews, though the Leaders state that *“any restrictive measures related to COVID-19, including for air and sea crews, are targeted, proportionate, transparent, temporary, and in accordance with obligations under international agreements.”*

#### **Anti-corruption – welcome news**

The Anti-Corruption Working Group is here to stay. That’s good news given 2 trillion of illicit flows. The Leaders commit to take action in 2021 towards criminalizing foreign bribery and enforcing foreign bribery legislation

#### **Development - good declarations but little essence**

The Leaders reaffirm commitment to a series of global frameworks (Addis Ababa Action Agenda, Agenda 2030) and new G20 initiatives of little importance. However, there is determination to increase financing growth in Africa which is also on the Italian Presidency’s agenda.

### **Overall**

There is disappointingly little action on debt, social protection, investment in job creation, and climate change and other crucial policy areas that would kick start the recovery.

The G20 Leaders could go much further in their commitments to cover significant policy gaps to address the limited capacity of developing countries to finance their response to the pandemic and their recovery. The Leaders are adopting a different approach to their 2008 response to the crisis. They committed to deliver too little and policy coordination is missing, reflecting that the world is moving apart with increased inequality, trade wars, digital sabotages, and other forms of confrontation.

A world in which “the strong do what they can and the weak suffer what they must”.

The G20 show in practice how multilateralism in its current form is not able to lead to solutions for the dozens of challenges the world is facing. The Leaders agreed on principles of the multilateral reform but putting these in practice has proved to be difficult. Without solidarity and will for policy breakthroughs, they remain divided.

As a result, policy coherence is missing. The OECD as well as UNCTAD, UNAIDS and other UN agencies all called for action, but G20 Leaders’ commitments did not go as far to satisfy them. Their 2020 debt decisions are more conservative than what the IMF Head asked in the beginning of the health crisis. The pandemic caused a massive regression on SDGs, and in 2020, the G20 did little about it. And there is yet no blueprint for a global recovery with resilience.

The L20 is already working with the Italian unions and Presidency to build up a new multilateralism, increase G20 leadership in tackling challenges based on solidarity and a common vision for a new social contract.